

## Message Text

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PAGE 01 TOKYO 14335 270322Z

61

ACTION STR-04

INFO OCT-01 EA-07 ISO-00 STRE-00 EB-07 INT-05 COME-00

TRSE-00 L-03 CIAE-00 INR-07 NSAE-00 /034 W

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P R 270230Z SEP 76

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 2460

INFO AMEMBASSY SEOUL

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PASS STR ELECTRONICALLY

FROM HEIMLICH FOR WOLFF

E.O. 11652: N/A

TAGS: ETRD JA

SUBJECT: TOKYO SPECIALTY STEEL DISCUSSION ON SEPT. 25

REF: STATE 235156

1. AMBASSADOR YEUTTER AND HEIMLICH MET WITH SAITO AND SHIMODA ON SEPTEMBER 25 REGARDING BEARING STEEL PROBLEM. SPIRO OF STATE, BUTTON AND PIEZ FROM EMBASSY ALSO PARTICIPATED.

2. AGREEMENT WAS REACHED ON DEFINITION OF BEARING STEEL AS AISI GRADE 52100 ONLY, WITH FOLLOWING CHEMICAL COMPOSITION: CARBON (0.98-1.10 PERCENT); SILICON (0.20-0.35 PERCENT); MANGANESE (0.25-0.45 PERCENT); PHOSPHOROUS (NOT MORE THAN 0.025 PERCENT); SULFUR (NOT MORE THAN 0.025 PERCENT); AND CHROMIUM (1.3-1.6 PERCENT); GOJ AGREED TO SPECIFIC EXCLUSION (IN SAME FASHION AS RAZOR BLADE STEEL) AND DROPPED ITS RECENT PROPOSAL (PARA 2 OF REFTTEL).

3. AGREEMENT WAS REACHED THAT SHIFT SHOULD BE MODIFIED FOR ALLOY TOOL STEEL RATHER THAN FOR TWO CATEGORIES (BEARING AND OTHER TOOL STOO). SHIFT OF 100 PERCENT WAS LIMITED OFFICIAL USE

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PAGE 02 TOKYO 14335 270322Z

ACCEPTABLE AS INITIAL FIGURE WITH THE UNDERSTANDING THAT

ADDITIONAL SHIFT WOULD BE PROVIDED AS NEEDED. HEIMLICH STRESSED IMPORTANCE OF KEEPING OTHER TOOL STEEL SHIPMENTS IN LINE WITH RECENT GOJ ESTIMATES TO ASSURE THAT THE U.S. INDUSTRY WOULD NOT BECOME CONCERNED.

4. IT WAS AGREED THAT RESTORATION FOLLOWING AN EXCLUSION OF BEARING STEEL WOULD INCLUDE FULL RESTORATION OF AMOUNTS SHIFTED FROM OTHER CATEGORIES AND RESTORATION OF TOOL STEEL QUOTA TO A LEVEL ADJUSTED FOR BEARING STEEL EXCLUSION. GOJ MAINTAINED POSITION THAT HISTORICAL FIGURE WOULD BE CLOSE TO 3,500 TONS BUT ACCEPTED PRINCIPLE OF ADJUSTMENT. TENTATIVE AGREEMENT ALSO WAS REACHED TO DISREGARD 45.2 PERCENT MARKET SHARE PROVISION IN MAKING SUCH AN ADJUSTMENT (GOJ ACCEPTS IN THEORY BUT FINAL AGREEMENT TO BE REACHED LATER).

5. SHIMODA INDICATED THAT SHIFT WILL BE MADE FROM SHEET AND STRIP TO TOOL, AND ASKED IF USG WOULD CONSIDER SUSPENSION OF 60 PERCENT LIMIT FOR SHEET AND STRIP. HEIMLICH AGREED THAT WE WOULD CONSIDER SUCH A REQUEST IN THE FUTURE BUT SUGGESTED THAT GOJ CONSIDER SHIFT FROM BAR IN ADDITION TO SHEET AND STRIP BEFORE MAKING REQUEST.

6. SHIMODA INDICATED GOJ WOULD NOT DO ANY SHIFTING TO EXPAND PLATE LIMITATION, AS ANTICIPATED SHIPMENTS WOULD NOT EXCEED THE SIX-MONTH LIMIT. HE CONFIRMED THE CUSTOMS REPORTS AND REPORTS FROM JAPANESE EXPORTERS ON ENTRIES TO DATE ARE COMPARABLE.

7. SAITO PROPOSED REVISED DRAFT LETTERS TO BE EXCHANGED ON INCREASED SHIFT. HIS DRAFT WOULD MODIFY PARAS 3 AND 5 OF THE USG DRAFT (REFTEL, PARA4) AS FOLLOWS: (A) REPLACE THIRD SENTENCE OF THIRD PARAGRAPH WITH SENTENCE, "IN ORDER TO MINIMIZE DELAYS, I PROPOSE ON BEHALF OF THE UNITED STATES GOVERNMENT THAT, PURSUANT TO PARAGRAPH 6(B) OF THE PROVISIONS CONTAINED IN THE NOTES, 100 PERCENT AS A MAXIMUM INCREASE RATE INSTEAD OF ONE PERCENT SET FORTH IN ANNEX C THERETO WILL APPLY TO IMPORTS OF ALLOY TOOL STEEL DURING THE RESTRAINT PERIOD JUNE 14, 1966-JUNE 13,1977." (B) REPLACE THE FIFTH PARAGRAPH WITH "AFTER LIMITED OFFICIAL USE

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PAGE 03 TOKYO 14335 270322Z

RECEIVING YOUR LETTER INDICATED THAT THE GOVERNMENT OF JAPAN HAS NO OBJECTION TO THE ABOVE PROPOSALS AND AGREES TO THESE STEPS, AN APPROPRIATE NOTICE WILL BE PUBLISHED IN THE FEDERAL REGISTER AND MADE EFFECTIVE ON THE DAY FOLLOWING THE DATE OF PUBLICATION." THE TERM AMENDMENT PRESUMABLY WOULD BE REPLACED BY ANOTHER TERM IN THE FOURTH PARAGRAPH (E.G. MODIFICATION). THE JAPANESE REPLY WOULD BE CHANGED TO REFLECT THE LANGUAGE PROPOSED ABOVE.

8. YEUTTER AND HEIMLICH RESPONDED POSITIVELY TO SAITO'S PROPOSED REVISIONS BUT SUGGESTED THAT AGREEMENT ON LANGUAGE AND LEVEL OF EXCHANGE SHOULD BE LEFT TO WOLFF-YOKOYAMA DISCUSSIONS IN WASHINGTON. SAITO INDICATED THAT HE WOULD HAVE TO CLEAR THE REVISIONS WITHIN GOJ BUT THAT HE WOULD GET OFF A CABLE TO YOKOYAMA ON MONDAY. YEUTTER BOLUNTEERED TO SIGN USG NOTE IN TOKYO ON SEPTEMBER 28 OR 29, IF DETAILS ARE WORKED OUT IN WASHINGTON TIME AND GOJ FEELS THAT WOULD BE APPROPRIATE LEVEL FOR EXCHANGE. CURRENT PLAN IS FOR YEUTTER AND PARTY TO RETURN TO WASHINGTON TUESDAY SEPTEMBER 28, SO THAT AGREEMENT WOULD HAVE TO BE REACHED ON MONDAY IN WASHINGTON TO POSTPONE DEPARTURE. WILL NOTIFY YOU IF DELAY IN DEPARTURE PLANS IS NECESSARY FOR MUSHROOM DISCUSSION. HODGSON

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** STEELS, NEGOTIATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 SEP 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** BoyleJA  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Previous Classification:** LIMITED OFFICIAL USE  
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